

From Washington.

Monday, Dec. 5, Congress assembled—a quorum present in both Houses. The President is exceedingly weak. On Tuesday the message was sent in as follows:

MESSAGE.

My fellow citizens of the Senate and House of Representatives:

Addressing to you the last annual message I shall ever present to the Congress of the United States, I do so with the most heartfelt satisfaction to be able to congratulate you on the high state of prosperity which our beloved country has attained—with no cause at home or abroad to lessen the confidence with which we look to the future for continuing proofs of the capacity of our free institutions to produce all the fruits of good government, the general condition of our affairs may well excite our national pride.

I cannot avoid congratulating you and my country particularly on the success of the efforts made during my administration by the executive and legislative branches, in conformity with the sincere, constant and earnest desire of the people, to maintain peace and establish cordial relations with all foreign powers. Our gratitude is due to the Supreme Ruler of the Universe, and I trust you will unite with me in offering to Him fervent supplication, that his providential care may ever be extended to those who follow us, enabling them to avoid the dangers and horrors of war, consistent with a just and indispensable regard to the rights and honor of our country. But above the present state of our foreign affairs, standing without important change, as they did when you departed in July last, is flatter in the extreme, I regret to say, that many questions of an interesting character arise with which our country is now engaged. Amongst the most prominent of these is that of the Northern boundary. With an undiminished confidence in the sincere desire of his Britannic Majesty's Government to adjust that question, I am not in possession of the precise terms upon which it proposes a satisfactory adjustment.

With France our diplomatic relations have been resumed, and under circumstances which attest the disposition of both governments to preserve a mutually beneficial intercourse, and foster by the true interests of the two countries. With Russia, Austria, Prussia, Naples, Sweden, and Denmark, the best understanding exists, and commercial intercourse is gradually expanding itself with all these countries, and in all these countries, except Naples, by their mutually advantageous and liberal trade regulations.

The claims of citizens on Portugal are admitted to be just, but provision for the payment of them has been unfortunately delayed by frequent political changes in that kingdom.

The blessings of peace have not been secured by Spain. Our connections with the country are at the best feeble, and the execution of our laws is almost impeded upon our commerce with her possessions out of Europe.

The claims of American citizens for losses sustained at the bombardment of Mexico, are now presented in the governments of Holland and Belgium, and will be presented in due season to settlement. With Brazil, and all our neighbors, we continue to maintain relations of amity and concord, extending our commerce with them as far as the resources of the people and the policy of their government will permit. The just and long standing claim of our citizens upon some of them, are yet sources of dissatisfaction and complaint. No danger is apprehended, however, that they will not be peacefully and satisfactorily adjusted, and the peace of mind and the tranquillity of our country will be secured.

It is already known to you, by the correspondence between the governments of the United States and the last session, that our conduct in relation to that struggle is regulated by the same principle that governs us in the dispute between Spain and Mexico herself, and I trust that it will be found, on the most accurate scrutiny, that our acts are fully warranted by the principles of justice and equity. The inhabitants of the United States should feel strong propensities for the one party is not surprising. But this circumstance should, of itself, teach us great caution, lest it lead us into the great error of suffering public policy to be regulated by partiality or prejudice, and there are considerations connected with the possible result of this contest between the two parties, of so much delicacy and importance to the United States, that our character requires that we should be most scrupulously vigilant in our attempts to control them. The known desire of the Mexicans to become a part of our system, although its gratification depends upon the reconciliation of various conflicting interests, necessarily a work of time, and conducted in itself, is calculated to excite the jealousy and to kindle the passions of the people. There are already those who, indifferent to principles themselves, and prone to suspect the want of it in others, charge us with ambitious designs and various policy. I will perceive by the accompanying documents, that the extreme of the United States has been terminated on the sole ground that the obligations of this government to itself and to Mexico, under treaty stipulations, have compelled us to trust a discretionary authority to a high officer of our army to advance into Mexico, and to occupy as part of Texas, if necessary to protect our own or the neighboring frontier from Indian depredation. In the opinion of the Mexican functionary who has just left us, the honor of his country will be wounded by American soldiers entering with the United States for avowed purposes, upon ground from which the followers of his government have been expelled, and over which there is at present no certainty of a serious effort on its part being made to re-establish its dominion. The departure of this party, and the more singular, as he was apprised that the sufficiency of the causes assigned for the advance of our troops by the commanding general, had been seriously doubted by me—and that there was every reason to suppose that the troops of the United States, upon having had time to ascertain the truth or falsehood of the information upon which they had been marched to Nacogoches, would be either to take part in the conference with the Secretary of War, or by the Mexican minister himself, or were already withdrawn in consequence of the impressive warning, a their commanding officer had received from the department of war. It is hoped and believed that the government will not be disposed to condescend to a measure of justifiable precaution necessary by its known inability, in execution of the stipulations of our treaty, to act upon the frontier, and an encroachment upon its rights, or a stain upon its honor.

In the meantime, the ancient complaints of injustice, made on behalf of our citizens, are disregarded, and new causes of dissatisfaction have arisen, some of them of a character requiring prompt remembrance and ample and immediate redress. By tempering firmness with courtesy, and acting with great forbearance upon every incident that has occurred, or that may happen, to do and to obtain justice, and thus avoid the necessity of again bringing this subject to the view of Congress.

It is my duty to remind you, that no provision has been made to execute our treaty with Mexico for tracing the boundary line between the two countries. It is my duty to remind you, that no provision has been made to execute our treaty with Mexico for tracing the boundary line between the two countries. It is my duty to remind you, that no provision has been made to execute our treaty with Mexico for tracing the boundary line between the two countries.

The result of the confidential inquiries made into the condition and prospects of the newly declared Mexican government, has been communicated to you in the course of the session.

Commercial treaties, promising great advantages to our enterprising merchants and navigators, have been formed with the distant government of Muscat and Siam.—The ratifications have been exchanged, but have not reached the department of state; copies of the treaties will be translated to you, if received before, or published, if arriving after, the close of the present session of Congress.

Nothing has occurred to interrupt the good understanding that has long existed with the Barbary Powers, nor to check the good will which is gradually growing up in our intercourse with the dominions of the government of the distinguished chief of the Ottoman Empire.

Information has been received at the department of state, that a treaty with the Emperor of Morocco has just been negotiated, which, I hope, will be received in time

to be laid before the Senate previous to the close of the session.

You will perceive, from the report of the secretary of the treasury, that the financial means of the country continue to keep pace with its improvement in all other respects. The receipts into the treasury during the present year will amount to about \$42,691,898—those from customs being estimated at \$22,523,151—those from lands at about \$14,000,000, and the residue from miscellaneous sources. The expenditures for all objects during the year are estimated not to exceed \$22,000,000, which will leave a balance in the treasury for public purposes, on the first day of January next, of about \$41,733,959. This sum, with the exception of five millions, will be transferred to the several states, in accordance with the provisions of the act regulating the deposits of the public money.

The unexpended balances of appropriation, on the first day of Jan. next, are estimated at \$14,636,063, exceeding by \$9,939,072, the amount of which will be left in the deposit banks, subject to the draft of the treasurer of the U. S. after the contemplated transfers to the several states are made. If therefore the future receipts should not be sufficient to meet these outstanding and future appropriations, there may soon be a necessity to use a portion of the funds deposited with the states.

The consequences apprehended when the deposit act of the last session received a reluctant approval, have been measurably realized. The act merely for the deposit of the surplus moneys of the U. S. to the state treasuries, for safe keeping, until they may be wanted for the service of the general government, it has been extensively spoken of as an act to give the money to the states, and they have been advised to use it as a gift, without regard to the means of refunding it when called for. Such a suggestion has doubtless been made without due consideration of the obligation of the deposit act, and without a proper attention to the various principles and interests which are affected by it.

It is manifest that the law itself cannot sanction such a suggestion, and that, as it now stands, the States are not authorized to receive and use these deposits without intending to return them, than any deposit bank, or any individual charged with the safe keeping or application of the public money, would be liable to a criminal prosecution, and feel it his duty to state to Congress such thoughts as have occurred to me, to aid their deliberation in treating it in the manner best calculated to conduce to the common good.

The experience of other nations admonishes us to hasten the extinguishment of the public debt. But it will be vain that we have congratulated each other upon the disappearance of this evil, if we do not guard against the equally great evil of promoting the unnecessary accumulation of public revenue, and no political maxim is better established than that which tells us that an improvident expenditure of money is the parent of profligacy, and that no people can hope to perpetuate their liberties who long acquiesce in a policy which taxes them for objects unnecessary to the legitimate and real wants of their Government. Flattering as is the condition of our country at the present period, because of a unexampled advance in all the steps of social and political improvement, it cannot be disguised that there is a lurking danger which appears in the neglect of the warning truth, and that the time has arrived when the representatives of the people should be employed in devising some more appropriate remedy than now exists, to avert it.

A bare inspection, in the annexed table, of the deficits produced by the various departments, according to the ratio of direct taxation, must satisfy every unprejudiced mind, that the former ratio contravenes the spirit of the constitution, and produces a degree of injustice in the operation of the revenue laws, which would be fatal to the hope of perpetuating it. By the ratio of direct taxation, for example, the state of Delaware, in the collection of \$30,000,000 of revenue, would pay into the Treasury \$18,716; and in a distribution of \$30,000,000 would receive back from the Treasury \$30,612; and similar results would follow the comparison between the small and the large States throughout the Union; thus realizing to the small states an advantage which would be doubly disadvantageous to the large states, as a motive for incorporating the principle in any system which would produce it, as it would be inconsistent with the rights and expectations of the large states.

It was certainly the intention of that provision of the constitution which declares that "all duties, imposts and excises shall be uniform throughout the United States," to make the burdens of taxation fall equally upon the people in whatever state of the Union they may reside. But what would be the value of such a principle, if the taxes were not to be immediately returned by a different one which will give to the people of some states much more and to those of others much less, than the fair proportion? Were the Federal Government to exempt, in express terms, the imports, products and manufactures of some portions of the country from all duties, while it imposed heavy ones on others, the injustice could not be greater. It would be easy to show how, by the operation of such a principle, the large states of the Union would be enabled to levy the taxes for the support of the Government, and thus to support the Government of the smaller states; but it is deemed unnecessary to enter into the details where the general principle is so obvious.

A system liable to such objections can never be supposed to have been sanctioned by the framers of the constitution, when they conferred on Congress the taxing power; and I feel persuaded that a mature examination of the subject will satisfy every one that there are insurmountable difficulties in the operation of any plan which can be devised to support the Government by the purpose of distributing it. Congress is only authorized to levy taxes to pay the debts and provide for the common defence and general welfare of the United States. There is no such provision as would authorize Congress to collect together the property of the country, under the name of revenue, for the purpose of dividing it equally or unequally among the states or the people. Indeed, it is not probable that such an idea ever occurred to the States when they adopted the constitution. But, however this may be, the only safe rule for us in interpreting the powers granted to the Federal Government, is to regard the absence of express authority to touch a subject important and delicate as this, as a prohibition.

Even if our powers were less doubtful in this respect, as the constitution now stands, there are considerations afforded by recent experience, which would seem to make it our duty to avoid a resort to such a system.

All will admit that the simplicity and economy of the State Government, mainly depend on the fact that its support has to be supplied by the taxes of the same men, or their agents, who vote it away in appropriations. Hence, when there are extravagant and wasteful appropriations, there must be a corresponding increase of taxes; and the people becoming weary of levying the taxes to support the Government, measures which thus increase their burdens. By the watchful eye of self-interest, the agents of the people in the State Governments are repressed, and kept within the limits of a just economy. But if we necessarily have to support the Government by those who make the appropriations, and throw upon a more distant and less responsible set of public agents, who have power to approach the people by an indirect and stealthy taxation, there is reason to fear that the principle of economy will be lost, and that the State Governments will become more and more oppressive, and that the people will be more and more oppressed.

The State legislatures, instead of striving to restrict their state expenditures to the smallest possible sum, will claim credit for their profusion, and harass the General Government for increased supplies. It is practically true, that the State legislatures, instead of striving to restrict their state expenditures to the smallest possible sum, will claim credit for their profusion, and harass the General Government for increased supplies. It is practically true, that the State legislatures, instead of striving to restrict their state expenditures to the smallest possible sum, will claim credit for their profusion, and harass the General Government for increased supplies.

In all other respects in which I have been able to look at the effect of such a principle of distribution upon the best interests of the country, I am so strongly convinced that it is a principle of great importance, that I have advised. If we consider the productive duties, which are, in a great degree, the source of the surplus revenue, beneficial to one section of the Union, and prejudicial to another, it is not surprising that such a plan of distribution, if carried out, there is reason to fear that all the complaints which have sprung from this cause would be aggravated. Every one must be sensible that a distribution of the surplus must be made, and that it is a principle of great importance, that I have advised. If we consider the productive duties, which are, in a great degree, the source of the surplus revenue, beneficial to one section of the Union, and prejudicial to another, it is not surprising that such a plan of distribution, if carried out, there is reason to fear that all the complaints which have sprung from this cause would be aggravated.

The safest and simplest mode of obtaining all the difficulties which have been mentioned, is to collect the surplus revenue into the hands of the General Government, and let the people keep the balance of the property in their own hands, to be used for their own profit. Each State will then support its own Government, and contribute its due share towards the support of all the sections of the Union. The result will be no surplus to cramp and lessen the resources of individual wealth and enterprise, and the banks would be left to their ordinary means. Whatever difficulties and embarrassments might arise from our present paper system, would be removed, and the system would be left to the action of the Federal Government. There would be some guaranty that the spirit of wild speculation, which seeks to convert the surplus revenue into a means of speculation, would be effectually checked, and that the sources of demoralization, which are now so prevalent through the land, would disappear.

Without desiring to conceal that the experience of the last few years, have operated to produce a partial change in my views upon this interesting subject, it is nevertheless regretted that the suggestions made by me in my annual message of 1829 and 1830, have been greatly misunderstood. At that time, I was not aware of the existence of the latitudinarian construction of the constitution, which authorizes the unlimited appropriation of the revenues of the Union to internal improvements within the States, tending to divert into the hands, and place under the control of the States, the principal roads and canals of the country, in violation of State rights, and in derogation of State authority. At the same time, the condition of the manufacturing interest was such as to create an apprehension that the surplus revenue, if not without extensive mischief, be reduced in season to prevent the accumulation of a considerable surplus for the payment of the national debt. In view of the dangers of such a surplus, and in preference to the highest duty which was then incumbent upon the framers of the constitution, intended to equalize the burdens which are necessary to support the Government; and the adoption of that ratio, while it accomplished this, was also the means of establishing a rule of taxation so just and so well adapted to the genius and habits of our people, should be received with the greatest caution and distrust.

I beg leave to call your attention to another subject intimately associated with the preceding one; the currency of the country. It is apparent, from the whole context of the constitution, as well as the history of the times which gave birth to it, that it was the purpose of the framers to establish a uniform currency, consisting of the precious metals. These, from their peculiar properties, which rendered them the standard of value in other countries, were adopted in this, as well to establish a commercial standard in reference to foreign countries, by a permanent rule, as to exclude the use of a mutable medium of exchange, such as agricultural commodities, recognized by the statutes of some states as a tender for debts, or the still more pernicious expedient of a paper currency. The last, from the experience of the evils of the issue of paper during the revolution, had become so justly obnoxious, as not only to suggest the clause in the constitution forbidding the emission of bills of credit by the States, but also to produce that vote in the convention which negated the proposition to grant power to Congress to charter corporations—a proposition well understood at the time, as intended to authorize the establishment of a national bank, which was to issue a currency of bank notes, on a capital to be created to some extent of government stocks. Although this proposition was refused by a direct vote of the convention, the object was afterwards in effect obtained, by the ingenious advocates through a strained construction of the constitution. The debts of the revolution were funded, at prices which formed no equivalent compared with the nominal amount of stock, and under circumstances which exposed the motives of some of those who participated in the passage of the act to distrust.

The facts that the value of the stock was greatly advanced by the creation of the bank, it was well understood that such would be the case, and that some of the advocates of the measures were largely benefited by it, belong to the history of the times, and are well calculated to diminish the respect which might otherwise have been paid to the action of the Congress which created this institution. The establishment of a national bank, it became the interest of its creditors, that gold should be superceded by the paper of the bank, as a general currency. A value was soon attached to the gold coins, which made their exportation to foreign countries, as a mercantile commodity, more profitable than their retention and use at home as money. It followed, as a matter of course, if not designed by those who established the bank, that the bank became, in effect, a substitute for the mint of the United States.

Such was the origin of a national bank currency, and the beginning of those difficulties which have since appeared in the various States. Although it may not be possible, by any legislative means within our power, to change at once the system which thus has been introduced, and has received the acquiescence of all portions of the country, it is certainly our duty to do all that is consistent with our constitutional obligations in preventing the mischiefs which are threatened by its undue extension. That the efforts of the fathers of our Government to guard against it by a constitutional provision were founded on an intimate knowledge of the subject, has been frequently stated by the better experience of the country. The establishment of a national bank, it became the interest of its creditors, that gold should be superceded by the paper of the bank, as a general currency. A value was soon attached to the gold coins, which made their exportation to foreign countries, as a mercantile commodity, more profitable than their retention and use at home as money. It followed, as a matter of course, if not designed by those who established the bank, that the bank became, in effect, a substitute for the mint of the United States.

Nothing could be gained by it, even if each individual portion of the country could be made to receive back promptly the sum portion. But it is apparent that no system of the kind can ever be enforced, which will not absorb a considerable portion of the money, to be distributed, in salaries and other expenses, to the various offices, and in the various losses and depreciations which arise from other causes; and the practical effect of such an attempt must ever be to burden the people with taxes, not for purposes beneficial to them, but to increase the profits of the banks, and support a band of useless public officers.

A distribution to the people is impracticable and unjust in other respects. It would be taking one man's property and giving it to another. Such would be the unavoidable result of a rule of equality (and not one in a hundred would be likely to be adopted) inasmuch as the sum of the contributions of the individual contributions of citizens to the revenue can be ascertained. We know that they contribute unequally, and a rule of equality would be to them equally unjust. It would be liable to all the objections which apply to the principle of an equal division of property. To make the General Government the instrument of carrying this odious principle into effect, would be to carry to destruction the means of its usefulness, and change the character designed for it by the framers of the constitution.

But the more extended and injurious consequences likely to result from a policy which would collect a surplus revenue for the purpose of distributing it, may be forcibly illustrated by an examination of the effects already produced by the present system. This act, although it has been designed to secure the safe keeping of the public revenue, is not entirely free in its tendencies from many of the objections which apply to this principle of distribution. The Government had, without necessity, resorted to the expedient of creating a band of useless public officers, and support a band of useless public officers. A distribution to the people is impracticable and unjust in other respects. It would be taking one man's property and giving it to another. Such would be the unavoidable result of a rule of equality (and not one in a hundred would be likely to be adopted) inasmuch as the sum of the contributions of the individual contributions of citizens to the revenue can be ascertained. We know that they contribute unequally, and a rule of equality would be to them equally unjust. It would be liable to all the objections which apply to the principle of an equal division of property. To make the General Government the instrument of carrying this odious principle into effect, would be to carry to destruction the means of its usefulness, and change the character designed for it by the framers of the constitution.

The possession and use of the property out of which the surplus was created, belong to the people; but the government has transferred its possession to incorporated banks, whose interest and duty it is to enlarge the sphere of its use. This process need only be stated to show its injustice and bad policy.

And the same observations apply to the influence which it produced by the steps necessary to collect, as well as to distribute such a revenue. About three fifths of all the duties on imports are paid in the city of New York, but it is obvious that the means to pay those duties are drawn from every quarter of the Union. Every citizen in every State, who purchases and carries an article which has paid a duty at that port, contributes to the accumulating mass. The surplus collected there must, therefore, be made up out of money or property withdrawn from other parts and other states. Thus the wealth and business of every region from which these surplus funds proceed, must be to some extent injured, while that of the place where the funds are concentrated, and are employed in banking, are proportionately extended. But both in making the transfer of the funds which are necessary to pay the duties on imports, and in making the transfer, which becomes necessary when the time arrives for the distribution of that surplus—there is a considerable period when the funds cannot be laid out; and it is manifest that such a delay is not only a loss to the individual, but a loss to the community. It is a measure of this character, which ought not to receive further legislative encouragement.

By examining the practical operations of the ratio of distribution, adopted in the deposit bill of last session, we shall discover other features, that appear equally objectionable. Let it be assumed, for the sake of argument, that the surplus money to be deposited with the States have been collected and belong to them, in the ratio of their federal representative population, an assumption founded upon the fact that any deficiencies in our future revenue from imports and public lands, must be made up by direct taxes, collected from the States in that ratio. It is proposed to distribute the surplus, say \$30,000,000 not according to the ratio in which it is now collected, but according to the ratio in which the States, but in that of their votes in the colleges of electors of President and Vice President. The effect of a distribution upon that ratio is shown by the annexed table. As the ratio of population is not a fair basis of distribution, it will be perceived that in the distribution of a surplus of \$30,000,000, upon that basis, there is a great departure from the principle which regards representation as the basis of distribution. The result will be to increase whatever inequalities have been supposed to attend the operation of our federal system in respect to its bearings upon the different interests of the States, and to increase the inequalities in the representation, the framers of the constitution intended to equalize the burdens which are necessary to support the Government; and the adoption of that ratio, while it accomplished this, was also the means of establishing a rule of taxation so just and so well adapted to the genius and habits of our people, should be received with the greatest caution and distrust.

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Such was the origin of a national bank currency, and the beginning of those difficulties which have since appeared in the various States. Although it may not be possible, by any legislative means within our power, to change at once the system which thus has been introduced, and has received the acquiescence of all portions of the country, it is certainly our duty to do all that is consistent with our constitutional obligations in preventing the mischiefs which are threatened by its undue extension. That the efforts of the fathers of our Government to guard against it by a constitutional provision were founded on an intimate knowledge of the subject, has been frequently stated by the better experience of the country. The establishment of a national bank, it became the interest of its creditors, that gold should be superceded by the paper of the bank, as a general currency. A value was soon attached to the gold coins, which made their exportation to foreign countries, as a mercantile commodity, more profitable than their retention and use at home as money. It followed, as a matter of course, if not designed by those who established the bank, that the bank became, in effect, a substitute for the mint of the United States.

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certainty which attends the administration of institutions that are constantly liable to the temptation of an interest distinct from that of the community in which they are established.

The progress of an expansion, or rather a depreciation of the currency, by excessive bank issues, is always attended by a loss to the laboring classes. This portion of the community has neither time nor opportunity to watch the ebbs and flows of the money market. Engaged from day to day in their useful toils, they do not perceive, that although their wages are nominally the same, or even somewhat higher, they are greatly reduced in fact by the rapid increase of a spurious currency, which, as it appears to make money abundant, they are at first inclined to consider it a blessing. It is not so with the speculator, by whom this operation is better understood, and is made to contribute to his advantage. It is not until the prices of the necessities of life become so dear that the laboring class cannot supply their wants out of their wages, that the wages rise, and gradually reach a justly proportioned rate to that of the products of their labor. When the depreciation in consequence of the excessive quantity of paper in circulation, wages as well as prices become exorbitant, it is soon found that the whole effect of the adulteration is a tariff on our home industry, for the benefit of the countries where gold and silver circulate, and maintain uniformly and moderation in prices. It is then perceived that the enhancement of the price of land and labor, produces a corresponding increase in the price of products, until those products do not sustain a competition with similar ones in other countries; and thus both manufacturing and agricultural productions cease to bear exportation from the country of the spurious currency, because they cannot be sold for cost. This is the process by which specie is banished by the paper of the banks. Their vaults are soon exhausted by paper for foreign commodities; the next step is a stoppage of specie payment; a total degradation of paper as a currency; an unusual depreciation of prices; the ruin of debtors, and the accumulation of property in the hands of creditors and capitalists.

It was in view of these evils, together with the dangerous power wielded by the Bank of the United States, and its repugnance to our constitution, that I was induced to exert the power conferred upon me by the American people, to prevent the continuance of that institution. But, although various dangers to our republican institutions have been obviated by the failure of that bank to extort from the Government a renewal of its charter, it is obvious that little has been accomplished, except a salutary change of public opinion, towards restoring to the country the sound currency provided for in the constitution. In the acts of several of the States, prohibiting the circulation of small notes, and the auxiliary enactments of Congress at the last session, forbidding their reception or payment on public account, the true policy of the country has been advanced, and a larger portion of the precious metals infused into our circulating medium. These measures will probably be followed up, in due time, by the enactment of State laws banishing from the circulation bank notes of small denominations, and the currency may be materially promoted by further acts of Congress, forbidding employment, as fiscal agents, of such banks as continue to issue notes of low denominations, and throw impediments in the way of the circulation of gold and silver.

The effect of an extension of bank credits and over issues of Bank paper, have been strikingly illustrated in the sales of public lands. From the returns made by the various Registers and Receivers in the early part of last summer, it was perceived that the receipts arising from the public lands were increasing to an unprecedented amount. In effect, however, these receipts amounted to nothing more than credits in Banks. The Banks lent out their notes to speculators; they were paid to the Receivers, and immediately returned to the banks to be lent out again and again, being mere instruments to transfer to speculators the most valuable public land, and pay the Government by a credit on the books of the banks. Those credits on the books of some of the western banks, usually called deposits, were already beyond their immediate means of payment, and were rapidly increasing. Indeed, such speculation furnished means for another; for no sooner had one individual or company paid in the notes, than they were immediately lent to another for a like purpose, and the banks were extending their business, and their issues were so largely, as to alarm considerate men, and render it doubtful whether these bank credits, if permitted to accumulate, would ultimately be of the least value to the Government. The spirit of expansion and speculation was not confined to the deposit banks throughout the Union, and was giving rise to new institutions to aggravate the evil.

The safety of the public funds and the interest of the people generally, required that these operations should be checked; and it became the duty of every branch of the general and state governments to adopt all legitimate and proper means to produce that salutary effect. Under this view of my duty, I directed the issuing of the order which will be laid before you by the Secretary of the Treasury, requiring payment for the public lands sold to be made in specie, with an exception until the 15th of the present month in favor of actual sales. This measure has produced many salutary consequences. It checked the career of the western banks, and gave them additional strength in anticipation of the pressure which has since pervaded our eastern as well as the European commercial cities. By preventing the extension of the credit system, it measurably cut off the means of speculation, and retarded its progress in monopolizing the most valuable of the public lands. It has tended to save the new States from a non-returned proprietorship, one of the greatest obstacles to the advancement of a new country, and the property of an individual. It has tended to keep upon the public lands for entry by emigrants at government prices, instead of their being compelled to purchase of speculators at double or triple prices. And it is conveying into the interior, large sums in silver and gold, there to enter permanently into the currency of the country, and place it on a firmer foundation. It is currently believed that the country will find in the motives which induced that order, and the happy consequences which will have ensued, much to commend and nothing to condemn.

It remains for Congress, if they approve the policy which dictated this order, to follow it up in its various bearings. Much good in my judgment, would be produced by prohibiting sales of the public lands, except to actual settlers, at a reasonable reduction of price, and to limit the quantity which shall be sold to them. Variableness must ever be the character of a currency of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles that regulate the value of those metals as a standard in the general trade of the world. With our bank issues consisting of such a currency, and must ever do so until they are made secure as a circulating medium, which experience has proved to be necessary not only in this but in all other commercial countries. Where those proportions are not infused into the circulation, and do not control it, it is manifest that prices must vary according to the tide of bank issues and the value and stability of property must stand exposed to all the uncertainties which attend the administration of institutions that are constantly liable to the temptation of an interest distinct from that of the community in which they are established.

Equivalent continues to be rendered in relation to the capacity of State Banks to perform the duties of fiscal agents for the government, at the time of the removal of the deposits. It was alleged by the advocates of the bank of the United States, that the State Banks, whatever might be the regulations of the Treasury Department, could not make the transfers required by the government, or negotiate the domestic exchanges of the country. It is now well ascertained that the domestic exchanges performed, through discounting, by the United States Bank and its twenty-five branches, were at least one third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by these institutions, on the broader basis which has been used by the advocates of the United States Bank in estimating what they consider the domestic exchanges transacted by it, the result will be still more favorable to the deposit banks.

The whole amount of public money transferred by the Bank of the United States in 1832, was \$16,000,000. The amount transferred and actually paid by the deposit banks, was \$39,319,899; the amount transferred and paid between that period and the sixth of November, was 3,399,000; and the amount of transfer warrants outstanding on that day was \$14,450,000, making an aggregate of \$59,168,894. These enormous sums of money first mentioned, have been transferred with the greatest promptitude and regularity, and the rates at which the exchanges have been negotiated previously to the passage of the deposit act, were generally below those charged by the Bank of the United States. Independent of these advantages, which are far more than those rendered by the United States Bank and its twenty-five branches, a number of the deposit banks have, with a commendable zeal to aid in the improvement of the currency, imported from abroad, at their own expense, large sums of the precious metals for coinage and circulation.

In the same manner have nearly all the predictions turned out in respect to the effect of the removal of the deposits—a step unquestionably necessary to prevent the evils which it was foreseen the bank itself would endeavor to create, in a final struggle to procure a renewal of its charter. It may be true, too, to some degree, with the further steps which may be taken to prevent the excessive issue of other bank paper; but it is to be hoped that nothing will now deter the Federal and State authorities from the vigorous performance of their duties to themselves and to the people in this respect. In devising the measures, the wants of the government, your particular attention is invited to those articles which constitute the necessities of life. The duty of salt was laid as a war tax, and was no doubt continued to assist in providing for the payment of the war debt. There is no article, the release of which from tax, would be felt so generally and so beneficially. To this may be added all kinds of fuel and provisions.—Justice and benevolence unite in favor of relieving the poor of our cities from burdens which are not necessary for the support of our Government, and tend only to increase the wants of the destitute.

It will be seen by the report of the Secretary of the Treasury, and the accompanying documents, that the Bank of the United States has made no payment on the stock held by the government in that institution, although urged to pay any portion which might suit its convenience, and that it has given no information when payment may be expected.—Nor, although repeatedly requested, has it furnished the information in relation to its condition, which Congress authorized the Secretary to collect. In devising the measures, the wants of the government, your particular attention is invited to those articles which constitute the necessities of life. The duty of salt was laid as a war tax, and was no doubt continued to assist in providing for the payment of the war debt. There is no article, the release of which from tax, would be felt so generally and so beneficially. To this may be added all kinds of fuel and provisions.—Justice and benevolence unite in favor of relieving the poor of our cities from burdens which are not necessary for the support of our Government, and tend only to increase the wants of the destitute.

The conduct and present condition of that bank, and the great amount of capital vested in it by the United States require your careful attention. Its charter expired on the 3rd of March last, and it has now no power but the given in the 21st section, "to use the corporate name, style, and capacity, for the purpose of aid for the final settlement and liquidation of the affairs of the bank, and for the sale and disposition of their real and personal, and mixed, but not for any other purpose, or any other manner whatsoever, nor for a period exceeding two years after the expiration of the said term of incorporation." Before the expiration of the charter, the stockholders of the bank obtained an act of incorporation from the Legislature of Pennsylvania, excluding only the United States. Instead of proceeding to wind up their concerns, and pay over to the United States the amount due on account of the stock held by them, the president and directors of the old bank appear to have transferred, to the new corporation, notes, obligations, and most or all of the property to this new corporation, which entered upon business as a continuation of the old concern. Amongst other acts of questionable validity, the notes of the expired corporation are known to have been used as its own, and again put into circulation. That the old bank had no right to issue or re-issue its notes after the expiration of its charter, cannot be denied, and that it could not confer any such right on its substitute, any more than exercise itself, is equally plain. In law and honesty, the notes of the bank in circulation at the expiration of its charter, should have been called in, and together with those of the old bank, cancelled and destroyed. Their re-issue is sanctioned by no law, and warranted by no necessity. If the United States be responsible in their stock for the payment of these notes, their re-issue by the new corporation for their own profit, is a fraud on the government. If the United States is not responsible then there is no legal responsibility in any quarter, and it is a fraud on the country.—They are the redeemed notes of a dissolved partnership, but contrary to the wishes of the retiring partners, and without their consent, again re-issued and circulated.

It is the high and peculiar duty of Congress to decide whether a further legislation be necessary for the security of the large amount of public property now held in and in use by the new bank, and for vindicating the rights of the government, and compelling a speed and honest settlement with